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SPEECH

OF

JOHN CHARLTON, M.P.

THE BUDGET

PREFERENTIAL TRADE WITH GREAT
BRITAIN - - RECIPROCITY WITH
THE UNITED STATES

HOUSE OF COMMONS, APRIL 21, 1903

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PREFERENTIAL TRADE WITH GREAT BRITAIN -- RECIPROCITY WITH THE UNITED STATES

Mr. JOHN CHARLTON (North Norfolk). Mr. Speaker, the financial statement presented to this House a few days since by my hon. friend the Minister of Finance, is a statement different in character, in some material respects, from many that preceded it. It has attracted wider attention than any statement of a similar kind in the history of the confederation. It was looked for with interest in foreign countries, and certain features have aroused great interest in the United States, Germany and France. This statement presented to the House and the country the record of a period of unexampled prosperity. It is a record of increasing wealth, expanding commerce and abundant revenues, for which we need to thank divine Providence, and we should not permit ourselves to believe that we created the conditions by which we profit and that a higher power has nothing to do with the shaping our destinies and interests. The statement of the Minister of Finance gave a reflex indication of the thrill that now stirs this nationality with a sense of new born power, and we may approach its consideration in a spirit of thankfulness that the affairs of this country are in such a prosperous condition, and realizing also that we are upon the threshold of an era of great development which will require the exercise of prudent statesmanship and wise direction.

There are certain features in this financial statement which give me great satisfaction indeed. The imposition by Germany against Canada of a discriminating duty, because of a preference given by this country to the products of Great Britain was utterly un-

justifiable. The imposition by Germany of discriminating duties against Canada as a punishment for the preferential duties in favour of Great Britain granted by Canada was an act entirely without warrant. The two countries are on an entirely different basis as regards their commercial relations with us. Great Britain is our mother state and we have advantages in her markets not accorded to us by Germany. No duties are levied in the one case, heavy duties are levied in the other, and the assumption by Germany that we should receive discipline because the mother country, which gives us a free market, is treated differently from the German empire by our tariff, was a high-handed and indefensible act. When we take into consideration the state of our trade with that country, the character of this act becomes more apparent. Our imports from Germany last year amounted to \$10,919,944. Our total exports to that country were \$2,692,578. The percentage which our imports bore to our total trade with Germany was 81 per cent. Our exports of the produce of Canada, however, were \$1,298,634, which would leave our percentage of exports to our total trade 89 and four-tenths per cent. Under these conditions, the action of Germany was little short of insolent, and I cannot but approve most heartily of the action of the hon. Minister of Finance in imposing discriminating duties against that country. And the action of the Canadian government in resenting that move on the part of Germany has aroused the attention of the world and won the approval of the world, outside of Germany. It is instinctively felt that, in taking this

course, we have simply stated our rights and asserted our honour. I see it stated in the newspapers that the German government propose to impose a prohibitive tax on Canadian imports. This surtax imposed by our government seems to have led to some earnest use of surtax on the part of Germany, and the feeling against us, I presume, is a very strong one. Well, Sir, I should say to the government and to the Minister of Finance: If the German government wishes to embark upon this course of action, meet them upon their own ground; and if they prohibit the entry of our exports of \$1,300,000, and we prohibit the entry of their exports to us of \$11,000,000, then, after trying the thing awhile, let the German financiers and economists figure out what the balance of loss or gain is on the transaction. I think we can stand it, and I feel disposed to say that we had better do it and that it is a good time to assert our own sense of propriety, our own sense of the unfair usage to which we have been subjected. I repeat the government's course in this matter meets my unqualified approbation, in fact I admire the courage which has marked the government's attitude.

Now, in listening to the remarks of the hon. leader of the opposition (Mr. Borden, Halifax) and also in perusing the remarks of the hon. member for St. Mary's division, Montreal (Hon. Mr. Tarte), to which I had not the pleasure of listening, I find that exception is taken to the course of the government in failing, at this juncture, to enter upon a revision of the tariff, and the assertion is made that the condition of our affairs is of a character to render it proper and necessary to enter upon this revision. Now it strikes me, Mr. Speaker, on the contrary that the reasons assigned by the Finance Minister for deferring action upon the tariff, except in the few inconsiderable instances in which he has changed conditions, are good reasons. We do not know, at the present moment what the premises are upon which we shall be called upon to act. As the Finance Minister says we have the question of preferential trade not yet definitely settled. We do not know what may come of it, but the outcome must necessarily have a very material bearing upon the course which we may pursue with regard to tariff legislation. Then we have the probable re-assembling of the Joint High Commission and of negotiations with the United States relating to proposals to have enlarged trade relations between these two countries. If these negotiations are successful, of course the conditions of things will be different from what it would be if the negotiations were unsuccessful. We must necessarily predicate our tariff, to a large extent upon the outcome of the negotiations with the United States, and the relations which may be permanently settled between these two countries. For these reasons—without expressing at the moment any opinion as to

the abstract propriety of protection or free trade—I hold that it is the part of prudence to refrain, at present, from definite action until we know the terms we shall have to confront and the conditions we shall have to meet.

In regard to the British preference, my hon. friend from St. Mary's division, in his speech last night, if he is correctly reported, held that this question is already closed, that we have a clear and decisive answer from the British government. Well, this may be the case; at all events, I am quite disposed to agree with this hon. gentleman as to what will be the outcome in this question. I do not believe to-day, and I never have believed, that we could obtain from Great Britain preferential treatment in her markets to any material or tangible extent. I think that the experience that we have had with the preference we have given to Great Britain warrants us in the expectation, now, after four or five years trial, that there will be no response to that concession. And I think that when we examine into this case a little more deeply, we shall be warranted in arriving at the conclusion that Great Britain is not in a position to offer us any preference in her market under any conditions whatever. The reasons that lead me to this conclusion are based upon the scrutiny of British trade returns. These returns show the comparative insignificance of Great Britain's colonial trade as compared with her foreign trade. For instance, I find that in the year 1901, the last year for which we have the returns, the total imports into Great Britain were £531,900,000 sterling. Of this total, £416,416,000 were imports from foreign countries, or 79.73 per cent. The imports from Greater Britain, that is, from all the British colonies and dependencies, amounted to £105,573,000, or 20.27 per cent. Great Britain's total imports from Canada, according to these British returns, amounted to £19,854,000, or 3.7 per cent of the total imports. Now, when we take the exports from Great Britain, we find that the total for 1901 was £347,864,000. Of this amount, foreign countries took £234,745,000, or 67.4 per cent, while Greater Britain, that is the colonies and dependencies, took £113,118,000, or 32.06 per cent, while the Dominion of Canada took £9,250,000, or 2.6 per cent. Now, when our trade with Great Britain is so small that the imports she receives from us are only \$3.70 for every \$100 of her total imports, while, of every \$100 of British exports Canada only receives \$2.60, it strikes me as being unreasonable to suppose that England will engage in a system of discrimination in our favour against the vast bulk of her trade with foreign nations, and with the certainty that it will lead to retaliation and bad relations with those countries. I do not think, Sir, that we need expect anything of that kind. Great Britain cannot meet our wishes; such a course would be ruinous to her foreign trade and would immediately

involve her in a commercial war with foreign countries. Mr. Chamberlain, at the conference last year, put a low estimate on the value of our preference of 33½ per cent, and did not consider it equivalent to a preference in our favour on breadstuffs to the extent of even four per cent. That is, a preference by Canada of 33½ per cent on all her imports was not equal to a preference of 4 per cent on a partial list of imports into Great Britain. I confess that, when this breadstuff tax was put on in England, I anticipated without doubt that exception would be made in favour of Canada. I assumed, as a foregone conclusion, that we could expect nothing less; and I confessed to a feeling of great surprise when the result proved that the English government did not intend to give us that 4 per cent preference on breadstuffs as a return for the 33½ per cent preference which we gave on all our imports from Great Britain.

I imagine, nay I am almost certain, that there is a reason which does not appear upon the surface, and that reason is, not that Great Britain did not desire to do this, not that the rulers of that country felt that it would be an undue concession to us; but I imagine the reason is that it was not considered prudent to do so, that it was known that if this were done it would result in hostile action upon the part of foreign governments. And so we had in this small matter of a four per cent preference and England's declination to give it to us in return for a 33½ per cent preference, a proof that England will be deterred from any such action as granting to Canada a preference, by considerations outside of the matter of her trade relations with her colonies. Mr. Chamberlain, in the course of his remarks so far as we have them, asserted that our preference had been a matter of small consequence anyway, that it had not to any appreciable extent stimulated trade with England. Well, I beg to differ with Mr. Chamberlain in this matter. This preference has had two effects. In the first place, it has arrested the decline in our trade with England, a decline which was making rapid progress when this preference was adopted. In the second place, it has led to an expansion of that trade, and a brief examination of the returns will prove this beyond peradventure, as the following figures of our imports from Great Britain will show:

Year.	Imports.
1892..	\$43,148,000
1894..	38,717,000
1895..	31,131,000
1896..	32,500,000
1897..	29,412,000
1898..	32,500,000
1899..	37,060,000
1900..	44,789,000
1901..	48,000,000
1902..	49,250,000

We had gone down from \$43,000,000 to \$29,000,000 before this preference was adopted, between the years 1893 and 1897;

and we had gone up from \$29,000,000 to \$48,000,000 between 1897 and 1902 after the preference had begun to work, showing an increase of \$19,000,000, or 40 per cent in those five years, against a rapid decrease in the preceding term which these figures reveal. Now, this proves that Mr. Chamberlain is wrong, this proves that there was a decline in trade with England, that that decline was progressive and regular. These figures prove that the preference, or something else, arrested that decline, and that there set in an expansion, which amounted to \$19,704,000 in five years. Surely Mr. Chamberlain should have been satisfied with this record, and certainly he was not possessed of the facts with regard to trade when he made the assertion that the Canadian preference was a matter of small moment to England, and had produced no tangible results worthy of consideration.

The idea of English statesmen, Mr. Speaker, is one that, in my opinion, we can never meet. I assert again that it is my firm conviction that we should never have given a preference, that one in return cannot be given, that the condition of England's trade with foreign countries renders it impossible for her to do it, and regard for her own interest will prevent her doing it. But there is an idea abroad about a Zollverein, free trade within the empire. Well, we could arrange matters probably upon that basis, absolute free trade, the admission of all British products to her colonies free of duty. But, if that is a scheme that meets with the approbation of the British people, it is one that cannot be wrought out. In my opinion, we can never accept it, certainly we cannot accept it under present conditions. I do not believe we ever can. It is not a matter, at all events, that looms up in the near future as one that can be arranged.

Now, with regard to the preference on grain, amounting in round numbers to four per cent, I assert, Mr. Speaker, that the free admission to the American market for our wheat and other cereals would be worth more to our producers than an English preference of four per cent. I assert that the free introduction of American competition on the part of American grain buyers and millers with our own grain buyers and millers, to the wheat fields in the Northwest and to other portions of Canada, would result in greater advantage to our producers of grain than a preference in the English market to the extent of their tax upon breadstuffs would do. I think that we may conclude that our aspirations for an advance in the form of a preference will never be realized, if we come up against the hard-headed common sense of English statesmen and public men, who realize that it cannot be given. She will not permit a considerable tax upon raw material. The competition between England and her commercial rivals is too keen; the competition with Germany, the competi-

tion with the United States, is so keen that a due sense of what is necessary in England's interests will deter her public men from saddling upon her people this or any additional burden in the shape of a tax upon raw material represented in the shape of a tax upon bread. We had better dismiss our dreams in this regard, our hopes of realizing what is impossible, and let the preferential question drop, it will drop in my opinion, for under the conditions of trade as they exist, I believe that we can never realize it. The present preference is purely sentimental, it is a sentiment that is not convertible into current coin. We have not even been able, in return for this sentimental preference, to get the cattle embargo removed. We have not the slightest concession granted to us in return for the preference of 33½ per cent; and its one only good effect, if it has a good effect at all, is that it lessens the burden of customs taxation upon certain lines of imports.

I should not, Mr. Speaker, follow to-day the example of the hon. gentleman who spoke last night, and enter upon an extended discussion of the question of protection. I do not think that at this juncture in our public affairs a discussion of that question as an abstract theory will have practical results, because it is nothing more than academic in reality. As I said before, we have the decision on the part of the government to let the matter of revision of our tariff stand over until we know what developments will take place, what the conditions will be when we are called upon to act. That being the case, it is unnecessary, and a waste of time, in my opinion, to enter upon a free discussion of the principles of protection versus free trade or a revenue tariff policy.

I shall have something to say, Mr. Speaker, with your permission, upon the question of reciprocity with the United States. That question has filled a large place in the history of Canadian fiscal discussions, since long before confederation and down to the present time. The desire for closer trade relations led to a treaty securing for us reciprocity in natural products away back in 1854. We enjoyed the benefits that resulted from that treaty until 1866. It was then abrogated. We know, those of us who will take the pains to look up the history of Canada during that period, what the practical result of reciprocity was so far as it affected the interests of Canada. We might draw from the experience of that period lessons as to what would be the probable result of a similar line of policy if entered upon again. And so satisfied, in the opinion of the Canadian public, was the result of that period of reciprocity that Canada has earnestly sought for a renewal of that condition of affairs for many years since then. We sought strenuously to avert the abrogation of the treaty in 1866. Embassies from this country visited Washington a few months after the treaty was ab-

rogated. After the Liberal party came into power in 1874, one of its first acts was to despatch a commissioner, Hon. George Brown, to Washington, who, in conjunction with Lord Thornton, the British minister, negotiated with the State Department a reciprocity treaty which was not ratified by the Senate. Various other attempts were made, and we have only been debarred of late years from making these attempts by the apparent hopelessness of the efforts which have been put forth. The question is one which has sunk somewhat in public estimation as to its importance for the last two or three years, but it is a question which is as important to-day to Canada, perhaps, as it ever has been. It is a question which has probably to receive again the consideration of the government of this country, and the consideration of the government of the United States, and if it does receive that consideration, it will do so under circumstances, in my opinion, more conducive to a favourable result than have existed since the abrogation of the treaty in 1866. The hon. leader of the opposition, in his speech a day or two ago, asked the reason of the enormous expansion of American imports. Well, the reason is quite obvious. We have maintained a moderate tariff policy towards the United States and the rest of the world ever since this Commonwealth, or Dominion, came into existence. Our duties have from time to time been advanced, but they are still at a moderate rate, at a rate which does not materially impede importation from the United States or any other country, at a rate which, of course, has afforded some protection, which has led to the development of large manufacturing interests, but still at a rate which is not at all a prohibitive rate, under which imports may steadily increase from the outside world, and under which they have steadily increased. Now, our frontier stretches alongside of the United States for 4,000 miles. The people of the United States are our neighbours. They have a very thoroughly developed manufacturing system, the most extensive in the world. Although England exports more manufactured goods, the supply of the domestic market of the United States amounts to much more than the total manufactures of Great Britain. They have an enormous manufacturing interest, and they have reached the point where they are capable of supplying their own requirements, and have a large surplus available for export. Now, necessarily, they are seeking foreign markets. Their conditions as to soil and climate and as to the wants of the people are similar to our own, and they have succeeded in making a long list of articles which exactly suit our wants and which cannot very well be obtained elsewhere. The facility for getting goods there is so much greater than across the ocean that this in itself would act very powerfully in the direction of securing the trade to them.

Our merchant can call up by telephone, in New York, or Boston or Philadelphia, his correspondent, asking him to make a small shipment of goods, they will be on their way in a few hours, and they will be here in two or three days. To sort up his stock he can buy as little or as much as he pleases. The advantages are so great, because of the facility for placing orders and shipping goods, and because of the juxtaposition of the wholesale man and the consumer that an enormous trade would naturally grow up and for various reasons, these amongst others, we have developed an enormous import trade from the United States. If the Americans had afforded us the same facilities and the same reasonable kind of treatment that we have afforded them there would be no question raised to-day as to whether our trade relations were on a satisfactory basis. There would be no question raised as to whether we should enter upon the kind of policy that they have been pursuing towards us. The hon. leader of the opposition says that our tariff should be put up as a preliminary to negotiations. Put it up and then you will have something to offer the Americans, put it up, and if they do not give you what you ought to have we would then have the very tariff we ought to have. It is my conviction that this course, adopted at this juncture, would have exactly the opposite effect from that which the hon. leader of the opposition supposes it would have. If we were to enter upon a revision of the tariff such as we would perhaps desire to do in case we should get no adequate concessions from the Americans, it would be a tariff of a character which would create irritation, it would be a tariff of a character that would very likely defeat the object we had in view. It would be flouted in the face as a menace, it would be practically saying to them: Here we have done this; you do what we want or we will keep this tariff in force. I do not think that would be prudent or politic. We should approach the United States in a different manner. The time is near at hand when, in my opinion, we are certain to get very material concessions. I am quite optimistic about the matter. I believe that we will get concessions that will be entirely satisfactory, and so I am thoroughly convinced that it would not be prudent in our interest to enter upon a course such as we might enter upon, in all probability such as we would be justified in entering upon if no concessions were made.

Our relations with the United States must necessarily, largely govern our tariff policy. It is the country with which we have the largest amount of trade, it is the country with which our trade relations at the present time are most unsatisfactory and our relations with that country must largely govern our tariff policy, and the adjustment of this tariff policy is a matter of so much importance that we do not want to enter

upon that adjustment rashly without a full knowledge of the conditions. We want to move slowly and cautiously, we want to move with certainty. In regard to my own feeling about this matter, I am pretty well known in this House to be an advocate of reciprocity. I commenced it long ago. I dare say my right hon. friend the Prime Minister (Rt. Hon. Sir Wilfrid Laurier) will remember that I was chosen by Mr. Mackenzie in 1875 to defend the Brown draft treaty when the attack was made upon that treaty in this House by the opposition, headed by Sir John A. Macdonald, and since that time I have been undeviating in my support of the policy of enlarged trade relations with the United States. I have always believed, I believe to-day that nothing will secure better results or greater advantages to Canada than to remove the absurd restrictions which exist between those two countries, and to enter upon a broader and more reasonable policy as to trade affairs between the two great Anglo-Saxon Commonwealths of the North American continent. But, I have felt, and that feeling grew stronger when the Joint High Commission met at Quebec and Washington, and when I, in common with my brother commissioners, was brought more fully into contact with the question of the trade relations between Canada and the United States, that we have not been fairly treated. I realized more fully than ever before the unfair character of American fiscal legislation towards us, and I have felt a sense of resentment at the character of the American policy towards Canada. I have been actuated in the course I have advocated and in the position which I have taken upon this question by the belief that if we could not get what was fair from that country, that if we are to continue to live under the conditions that have existed during the past, we had better set up housekeeping for ourselves, and adopt a policy which we under normal conditions might not deem it advisable to enter upon.

It was not, Sir, that I was in love with protection as an abstract proposition, it was not that I was dissatisfied with the condition of affairs that existed under our present tariff rates, provided that we were met in the same spirit by our customers, it was not this that prompted me to the course that I believed the proper one to pursue; but it was primarily the conditions that existed between this country and the United States. Last session I introduced a resolution in this House. I introduced it for a two-fold purpose. In the first place, I believed that what was set forth in that resolution represented the feelings of the great majority of the Canadian people, and I thought that the formulating of this resolution would have a tendency to demonstrate as to whether my view upon that matter was right or wrong. I thought in the second place, Sir, and perhaps this was the consideration that had

the most weight with me, I thought in the second place that if that resolution did represent the feelings of the mass of the Canadian electors, that it would be very well to have the United States public men in a position where they could consider the resolution, make inquiries if they chose as to whether it represented any considerable degree of public sentiment; whether it represented a public sentiment that was likely in the end to crystallize into legislation if they did not meet us with fairer terms. I put this resolution upon the 'Hansard' largely for the purpose of bringing to the attention of the United States the fact that Canada realized that their treatment of the United States was unfair; realized that we had submitted to that treatment for many years without protesting, and proposed in the future to reverse the action we had pursued; and in the event of failing to secure concessions from the United States that were reasonable and just, that we proposed to adopt the policy foreshadowed by this resolution.

Mr. CLANCY. Would the hon. gentleman pardon me. Did the hon. gentleman endeavour to get an expression of this House at that time in order that the United States would know that that was the policy to be adopted.

Mr. CHARLTON. I may say to my hon. friend that I did not; that I did not introduce that resolution with the intention of asking the House to give an expression. On the contrary, I definitely stated that the resolution was tabled for the purpose of having mature consideration by the House and by the country; that it was a matter of so much importance that I did not ask hasty action, and that in fact we had not reached a position for action to be taken with that clear conception as to what was the best course under the circumstances, and under circumstances that might develop. The resolution was as follows:

That this House is of the opinion that Canadian import duties should be arranged upon the principle of reciprocity in trade conditions so far as may be consistent with Canadian interests; that a rebate of not less than 40 per cent of the amount of duties imposed, should be made upon dutiable imports from nations or countries admitting Canadian natural products into their markets free of duty; and that the scale of Canadian duties should be sufficiently high to avoid inflicting injury upon Canadian interests in cases where a rebate of 40 per cent or more shall be made under the conditions aforesaid.

Or, that our minimum rate of tariff should be high enough to afford as great a degree of protection as was afforded at present; and that 40 per cent to that rate which was sufficient to protect our industries, should be added in the cases of all countries, without discrimination or naming any, that failed to admit our natural products free of duty.

Now, I think, Mr. Speaker, that resolution outlines in the rough the course that it would be proper for us to pursue if condi-

tions continue as they are. It outlines in the rough the very conditions we have adopted within a few days with regard to Germany, and even if we were to make a reciprocity treaty with the United States, and that country placed itself upon the same footing as England does in admitting our natural products free of duty. I think the same resolution could with propriety still be put on our statute-book, discriminating against other nations that failed to treat us in the manner in which we would be treated by the United States and Great Britain.

And with regard to this position, Mr. Speaker, while I advise, as Mark Hanna said some time ago: To stand pat on the tariff question; yet, I will state that I think 'pat' is inclined to make a move unless things take a reasonable and desirable shape. And while I am a strong advocate of reciprocity; while I sincerely desire to secure a treaty which will be to the advantage of this country and the United States; yet if we fail, if we are to have meted out to us the same treatment that we have had meted out to us in the past thirty years; I go for drastic measures and I think that I may point to the highly significant remarks of the Finance Minister who said: That the government would be governed by existing conditions, and while he believes in free trade yet they must be governed to some extent by what was done by their adversaries—and I give the Finance Minister credit for being too good a politician to resist a great popular movement for the resenting and punishing of a line of conduct perpetrated towards us such as has been perpetrated for many years past.

The repressive policy entered upon by the United States in 1866, I wish to say a few words about. I noticed in the 'North American Review' the other day, an article from the Attorney General of Nova Scotia which gave the exports and imports from and to the United States during the period of reciprocity, which will require some revision by the Attorney General of Nova Scotia before he has them just right. When the reciprocity treaty went into operation in 1854, we had the governments of Prince Edward Island, of Nova Scotia, of New Brunswick, and of the two Canadas; four different provincial governments, and I have had the returns compiled from the American sources of information and from the Canadian sources, and in the Canadian returns I found it impossible to secure the returns from Prince Edward Island. This, of course, would be inconsiderable and would not materially affect the result. The import and export statistics for the period from 1854 to 1866 inclusive derived from Canadian sources are as follows:

Imports from the United States, 1854 to 1866 inclusive.	\$332,927,000
Exports to the United States, 1854 to 1866 inclusive.	259,875,000

Balance of trade in favour of United States. \$73,052,000

The American returns for the same period give somewhat different results. According to the American results the imports from all British America, Newfoundland and British Columbia included are as follows :

Imports from the United States, 1854	
to 1866 inclusive.	\$343,326,000
Exports to the United States, 1854	
to 1866 inclusive.	318,760,000

Balance of trade in favour of United States. \$ 34,566,000

The balance of trade by the American returns is \$34,566,000 and by the Canadian returns \$73,052,000. Now, the American people in abrogating the treaty in 1866 were governed to some extent by the impression that the treaty was working against them; that the balance of trade was against them and in favour of Canada. This was the case in the last year; it was the case because the notice of the abrogation had been given a year in advance, and there was great pressure to rush into the United States everything that it was possible to get in during the time that was left, before August, 1866. But the operation of the treaty during all the period it was in force was to the advantage of the United States, and gave to that country during that period a substantial balance of trade in its favour—seventy-three millions, according to our returns; thirty-four millions, according to their returns. No reason was given for the abrogation of the treaty, which was really to the advantage of both countries, and would have been more advantageous as the years went by. The abrogation was an act of folly on the part of the United States and an act of unfriendliness as well, and the policy pursued since that time and up to a recent period has been one dictated, in my opinion, by the belief that the inflicting upon us of a repressive policy would drive us into the arms of the republic.

The truth was, Mr. Speaker, that we were obliged to seek new markets. The truth was that the abrogation of the treaty revolutionized the trade of Canada. The truth was that this act of the American government gave a new face to the history of this continent, and turned aside the tide of the forces that were setting powerfully in the direction of bringing these two peoples together, and put in place of these forces other forces that repelled them from each other, and brought them to the position they occupy to-day. In 1866 our direct exports of farm products to Great Britain were \$3,544,000, and to the United States, \$25,042,000. In 1902 our direct exports of farm products to the United States were \$7,694,000, one-third of what they were in 1866, while to Great Britain they were \$80,661,000, a twenty-two fold increase during the same period. And so our whole fiscal history was reversed. Now conditions were introduced, conditions which the Americans were not aware of, which they have only recently become aware of. All this time they have

been living in a fool's paradise, supposing that we were dependent upon them for a market and that they could exercise the same influence on sentiment in Canada which they did in 1866. Our total export trade last year in animals and their products was \$50,161,209; and in agricultural products, \$37,152,688, a total of \$86,313,897. Of this amount Great Britain took \$80,661,501, or 83.7 per cent of the whole amount; the United States, \$7,694,478, or eight per cent of the whole amount; and all other countries, \$7,967,918, or 8.3 per cent. So that England last year took over four-fifths of our total export of farm products to all the world. This is a condition of things greatly different from what existed in 1866, when the United States took twenty-five millions and Great Britain less than four millions.

Under these conditions it is not surprising that the Canadian farmer has practically forgotten about the American market. The benefits that he enjoyed by free access to that market during the existence of the reciprocity treaty are largely a matter of history to him. He has had no practical lessons of those benefits. He realizes in a sort of abstract way that two markets are better than one, that it could do no harm to have access to the American market, that it would indeed be quite beneficial to him; but he has not that keen desire for access to that market that he would have if he were aware of the conditions that would exist if the restrictions were removed. So that, in debating this reciprocity question to-day, we have to recognize a certain degree of apathy with regard to it existing in Canada as well as in the United States.

We have opposed to this treaty, I think we may say, the manufacturing interest; we have probably opposed to it the transporting interest; and we have opposed to it the political influence which is represented by the people in this country who believe that nothing good can come out of the United States, and who do not want to have anything to do with the Americans. We have in favour of this treaty a sort of passive feeling on the part of the agriculturists, and keen desire for it on the part of the lumbermen and the fishermen. These are the forces arrayed for and against the proposition to secure better trade relations with the United States.

We have some developments of our trade in farm products—for I am dealing with this question largely from the farmer's standpoint—that are rather singular, rather unexpected to those who have never examined the question, and are rather suggestive. Last year, while we exported to the United States \$7,694,478 of farm products, we imported from that country for consumption, according to the unrevised list which I have, and which will not be varied very much by the revised list, \$15,437,213, or somewhat more than double the amount we exported to that country. Among our imports of agricultural and animal products where our purchases

for consumption exceeded our sales to the United States, were the following articles: Corn, oats, wheat, wheat flour, corn meal, oatmeal, seeds, small fruits, tobacco leaf, broom corn, hemp, flax seed, horses, hogs, poultry, eggs, butter, cheese, lard, bacon, hams, salt beef, salt pork, hides, skins, wool, and so forth. All that list of articles we imported from the United States for consumption in excess of our exports to the United States for consumption in that country. Well, that is rather a suggestive list. Very few people would imagine that this country, which was believed to be dependent on the United States for a market, which was supposed to be a suppliant for access to that market, would show such a condition of trade in farm products. But such is the case; so that if we were to adjust the commercial relationship of the two countries upon the basis of free trade in natural products, the advantages would be by no means all on one side. Upon the basis of free trade in natural products the balance advantages would perhaps not be on our side. We have west of the Rocky Mountains, the great province of British Columbia, a productive mining region, which has its most economical source of supply of farm products in Washington and Oregon. We have in the maritime provinces a million people who would derive their food supplies from American territories if they could sell their lumber, potatoes and other articles free of duty there. We have a great market for farm products in the mining and lumber regions of Ontario and Quebec. If natural products were on the free list, and there was free interchange between the two countries of all the products of the farm, the balance of trade would be very slightly, if at all, in favour of the one country or the other.

Mr. CLANCY. Does the hon. gentleman's proposition involve that Dakota and Washington Territory should supply British Columbia rather than our own western provinces?

Mr. CHARLTON. I spoke about Washington and Oregon, and not about Dakota.

Mr. GOURLEY. With reference to Nova Scotia, we would not have the agricultural trash they raise in the United States if it were given to us free.

Mr. CHARLTON. Patriotism would have a good deal to do, of course, with arriving at that decision. Now, after this period of more than thirty years of trade relation such as I have described, we had a culmination of affairs in 1902 in our trade with Great Britain and with the United States, which I will briefly allude to. Last year our total imports from the United States were \$129,000,000. In 1866 they were \$28,794,000. Last year our total exports to the United States were \$71,177,000, and the apparent balance of trade last year in favour of the United States was \$58,592,000. Last year our total imports from Great Britain were \$49,435,000, and

our total exports to that country were \$117,320,000, and the balance of trade in favour of Canada was \$67,894,000.

But a revised statement of our trade with the United States and our trade with other countries, taking into account the imports and the exports of precious metals, would vary that statement, and it is interesting to hear how our trade with the United States would stand on that basis. Last year we imported from the United States \$6,062,000 in coin and bullion, which left our total imports from that country, less this coin and bullion, \$123,732,000, and our total exports to the United States were \$71,177,000. Our exports of precious metals were:

Coin and bullion.....	\$ 1,635,000
Gold dust and nuggets.....	19,677,000
Silver and silver ore.....	2,055,000

Or a total of precious metals of \$23,367,000, which, deducted from the total exports, left our exports of domestic products and products not the produce of Canada, \$47,829,000. If we deduct the \$2,894,000 of exports not produced in Canada, it leaves our exports \$44,935,000.

My hon. friend from South Oxford yesterday afternoon, in criticising the statement of the hon. leader of the opposition with regard to this very point, wanted to know what difference there was between the exports of precious metals and farm products and anything else. It was, he said, an exchange of what we wanted to sell for what we wanted to buy, which was true enough. But all the nations treat the precious metals on a different basis from ordinary exports. We raise wheat, corn, bacon, cattle and all the products of the farm for sale. We have to dispose of them. They are raised for that purpose. But gold and silver are quite different in their character, and all the nations are seeking to strengthen their gold reserve. There is not a nation which does not look with disfavour on the exportation of gold. They look at that in quite a different light from the exportation of what they have raised for the express purpose of selling. We may at least make a distinction between the class of products we raise for the purpose of selling and the precious metals, which it might be in our interest to reserve here as a financial basis—a basis for credit and banking, and the various purposes for which gold is used.

After deducting this export of precious metals and counting the \$47,829,000 as our actual exports, we have a balance of trade with the United States against us of \$75,925,000. That balance of trade has swallowed up our \$67,000,000 of favourable balance with Great Britain and left about \$8,000,000 to provide for somewhere else. This is not a healthy and desirable condition of trade. The United States, year after year, have had enormous balances of trade in their favour, and the result is they are one of the wealthiest nations in the world; \$600,000,000 is no unusual balance in their favour.

I look upon it as disastrous to our interests to permit the present condition to continue,

These tables then present the following salient points: First, we have an enormous expansion of exports of farm products. Next, we find that Great Britain takes over four-fifths of the farm products of this country. We are dependent from Great Britain for the sale of \$83 out of every \$100 we raise. Next, we find a great shrinkage in the export of farm products to the United States—a shrinkage of two-thirds of the amount exported in 1866. Then we find there has been nearly a five-fold expansion of our import trade from the United States since 1866—from \$28,000,000 to \$129,794,000. We find next that we have had a stationary export trade with the United States. If we deduct the precious metals we exported to the United States in 1866 including inland short returns, \$44,000,000 worth, not including the precious metals we exported last year of the products of Canada, not including precious metals, \$44,825,000 worth. So we have on the one hand an import trade from the United States five-fold greater than in 1866, while our export trade to the United States remained at practically the same amount. We find that in the thirty-six years that have elapsed since 1866, we have increased our imports from Great Britain \$9,370,000, or 23½ per cent.

It will be interesting to glance for a moment at our free list, which is a large one. It amounted last year to \$84,314,877. Of this amount the United States had \$60,879,347, of which \$6,000,000 was coin and bullion. Now, we must take from the United States raw cotton, anthracite coal, hides probably, flax seed and some other articles. But we can reduce that free list by one-half if we desire to do so—reduce it to the advantage of our own industries and to the disadvantage of American industries. The United States had 72 per cent of our total free list with the entire world last year—rather favourable treatment of a nation that has treated us as the United States has done for a generation past.

Now, a word or two with regard to the import of manufactures. The question may be raised—it was raised yesterday—of the classification of manufactures imported. In the tables I have referred to, whether the classification is entirely right or not, it is the same in the case of both countries, so that the comparison must be reliable as though something were taken from or something added to the list for each. The following figures show the amount of our imports of manufactures from Great Britain and from the United States for the years given:

IMPORTS OF MANUFACTURES.		
	Great Britain.	United States.
1898.. .. .	\$26,243,651	\$41,510,312
1899.. .. .	31,187,387	49,362,776
1900.. .. .	37,328,311	60,473,221
1901.. .. .	36,469,135	62,643,640
1902.. .. .	41,675,602	69,536,612

Now, Sir, in the last year, 1902, the manufactures free of duty from Great Britain amounted to \$7,988,819, while the manufactures free of duty from the United States amounted to \$21,195,092. This latter sum goes to swell that enormous free list of \$60,000,000. The increase in our imports of manufactures from Great Britain in the four years I have quoted, amounted to \$15,432,000, or 51 per cent, while the increase from the United States was \$28,026,000, or 67 per cent. And this increase has gone on, notwithstanding the operation of preferential duties, and the United States manufacturers are obtaining a stronger and stronger hold upon our market, their natural advantages enabling them to do so. And all this time the United States have refused to give us the consideration which our liberality towards them would naturally call for, liberality which they have availed themselves of to bring about the results I have shown.

Mr. CLANCY. I do not wish to interrupt the hon. gentleman's (Mr. Charlton's) argument, but I am not quite sure whether he proposes to reduce the amount of free goods coming into Canada by a system of protection or by a system of reciprocity.

Mr. CHARLTON. I am not prepared to say what might be done with the free list under a system of reciprocity. But, under a system of protection, with a system under which we should have to meet the same conditions as now exist. I would cut that free list in two, and take off as much more as would be possible. I would be governed at all times, necessarily, by our own interest. If it were our own interest to admit a class of goods free, I would admit it free. We would look at this primarily from the standpoint of what is best for ourselves, and secondarily from the standpoint of how we could convince the American that he had better be ready to grant fair play.

Now, with regard to the rate of duties, in every respect the United States seems to have had advantageous conditions of trade. The duties paid last year upon United States goods amount to \$15,155,136. This is 12.75 per cent upon the total import from the United States, or 12.54 per cent on the imports entered for consumption. The duties paid on the imports of British goods for the same year were 17.04 per cent. The duties on the goods from all other countries were 26.5 per cent. The rate on the goods from all countries, including Great Britain and the United States, was 15.26 per cent. The dutiable goods imported from the United States paid an average of 25.18 per cent; the dutiable imports from Great Britain paid an average of 24 per cent, and the dutiable imports from other countries paid an average of 37.79 per cent. This would make the duty on the dutiable imports from Great Britain slightly lower than on those from the United States. The hon. member for South Oxford reminded us last night—

and his statement was a correct one—that not all the British imports that were dutiable were given a discrimination of 33 1/3 per cent, but that this applied to only about \$28,000,000, upon which the duty amounted to about 19 per cent. This is correct. I have only to say, in connection with that, that the reduction of duties under the operation of the thirty-three and one third per cent discrimination to 19 per cent, is about 8 per cent lower than it ought to be. If the discrimination were abolished the duty would go up 8 per cent and the cry we have from our woollen interests of insufficient protection would be ended. We have developed in our argument about this matter the fact that Canada is an excellent customer for the United States. The truth is she is the third largest customer for the general line of exports from the United States, and the largest customer for manufactured goods exported from that country. If we compare our standing in this respect with that of Latin America with its 60,000,000 inhabitants, we shall be somewhat surprised with the result of the scrutiny. Last year the United States exported to Mexico and Central America, with a population of 14,000,000, goods to the amount of \$45,924,000. These are countries almost as closely allied to the United States by geography and nature as Canada is. Last year the United States exported to all South America \$38,074,000 worth of goods; and to all the West India Islands, Spanish, Danish, Dutch, British, French—this excludes Cuba and Porto Rico—goods to the value of \$17,020,000. That is to say, to all this enormous region from the northern boundary line of Mexico to Cape Horn, embracing every island in the West India group, excepting Cuba and Porto Rico, the United States exported less than she exported to Canada, by no less than \$19,796,000. And, excluding the West Indies and including all of Mexico and Central and South America, her exports to these countries were less by \$36,814,000 than her exports to Canada. It is beginning to dawn upon the American mind that Canada is a market worth looking after, that it would be well to take into consideration whether they should not examine a little more closely into trade matters between the United States and this most excellent customer to the north of them. We have had a full generation in the life of man of repression, of bad feeling, of hostile tariff legislation—all upon one side nearly. We are now rounding out that period, and we have to see what the culmination of these conditions is.

If these conditions are to continue, what are we to do? First of all, as I imagine, we have to find out whether they are to continue. That is a question of so much importance that we need to make no mistake about it. We want to ascertain what we may settle down upon and rely upon as likely to be permanent conditions; and when we have ascertained that, then our line of conduct, so far as my opinion goes,

would be clearly defined. We are either to get fair play from nations now treating us unfairly, or we are to meet them with their own weapons. That may not be profitable for the time being, it may inflict upon us a little inconvenience, it may raise the price of some things a little higher, but in my opinion that is the true policy to pursue. We want to look to ulterior results, and we want to apply ourselves to a line of conduct with something in view that we are aiming for, and that we can only get by asserting our rights.

Again I refer to the significant utterance of the Finance Minister where he states that notwithstanding and whatever his abstract principles may be, we have got to take note of what our customers and surrounding nations do, and have got to be governed to some extent by the course they pursue. Now, as I have said, we have dealt with Germany already. That question was closed up, we knew where we stood, we knew that we had received the most unfair and overbearing treatment from the overlord of that empire. We knew we had to assert ourselves, we have done it, and we have done it like men; and if the overlord wants to adopt a retaliatory policy and exclude our imports from Germany, I would look upon it with serene indifference; we would simply exclude his goods from Canada and inflict eight times as much injury upon that country as we receive in return.

Now, it is necessary to inquire in a discussion of reciprocity: Is reciprocity desirable? Why, if it is not desirable, we do not want to waste any time on it. If it is not desirable we would simply say to the United States when they make us overtures: We don't want to meet you, we don't want any reciprocity. We have decided what we want to do, you go your road and we will go ours; we don't care anything about reciprocity. Would that be a wise course to pursue? Mr. Speaker, this continent, with its seven odd million square miles under the domain of English speaking people, inhabited by 85,000,000 of people speaking the English tongue, this continent has before it vast, almost inconceivable resources of power and possibilities of development. This continent inhabited by English speaking people, will inevitably exercise a potent, if not a controlling, influence upon the affairs of the world. This great region is now in the possession of two branches of that great stock, with an interesting experiment in one branch of it in the fact that one state of its domain is inhabited by people of French extraction. We have most interesting problems before us. There is one thing that we can rely upon, and that is that in the interest of the world at large, in the interest of every man, woman and child, that lives upon this continent to-day, or will live upon this continent in the future, in the interest of all this, it is in the highest degree desirable that the relations between these two states should be amicable, friendly and intimate, and that the seeds of dis-

cord that have been sown for the last thirty years should not be allowed to produce their fruit, of disaster, and that influences should be interposed that will avert such result and will bring these two peoples together under conditions of harmony and good feeling.

So much for this continent. Then we have a wider scope of influence for the English speaking people. We have North America with its capabilities of supporting 500 millions of people, and in my opinion it will have that number speaking the English tongue, within the next 150 years. We have in addition the great empire of which we form a part, the empire with its colonies and its influences ramifying the world, the empire upon whose dominions the sun never sets, the empire that stands to-day almost isolated among the nations of Europe. We have the relations of that empire with the United States to take into consideration, a matter of transcendent importance. Sir, the relations existing between Canada and the United States will have an important, and may have a controlling influence upon the relations that will exist between these two great nations. And so when we stand here and say that this is a question of little moment, we don't care whether we have good relations or evil relations, why, we are taking a most shortsighted and purblind view of the great field of future operations. We are taking a view of our own responsibilities which is far beneath the importance that belongs to them. If we can in any way institute and consummate any policy that will bring together these people, that will put an end to this bickering and animosity, the mutual disregard for each other these mutual statements of a belittling and insulting character which we see in our press, which are even uttered by our public men, if we can put an end to all this, we shall have accomplished something for humanity, something for the liberty of the world. For this reason, Mr. Speaker, I stand for reciprocity. I stand for it because I believe that there is something in it higher than the price of cod fish, than the price of wheat, than the balance of trade. I stand for reciprocity because I believe the infinite possibilities of the future will be promoted and developed by bringing together these two peoples. Well, now, what are the prospects?

Mr. HEYI. Very poor.

Mr. CHARLTON. Very poor, my hon. friend says. My hon. friend from St. Mary's division (Hon. Mr. Tarte) says that we have been working for reciprocity for twenty-five years. Well, I would remind him that he that waits long finally succeeds. You want to exercise patience in waiting. It is true that our applications for reciprocity have not been met with that degree of favour which we would desire. But I have reason to believe that times are changing; and when our Conservative friends speak slightly of this, and when they take a

position opposed to reciprocity, when they say: You cannot get it, what is the use of trying—I do not sympathize with that position at all. The condition of public opinion in the United States as regards Canada is constantly improving. Those who know the developments of the Joint High Commission, which I am not at liberty to enter upon in detail, know that even then, there was substantial progress made towards the settlement of questions between these two countries, progress that would probably have given us a treaty that we would have considered at that time as satisfactory. That the intervening Alaska question and the indignation of the British commissioners at the course pursued by the United States, broke off those negotiations for the time being, I think was a very fortunate thing for Canada. I believe that when the commission reassembles, as I assume it will, we shall reassemble under conditions much more favourable to the securing of a desirable treaty than existed when the commission dispersed. I believe that the condition of things has vastly improved, that the Americans have become disabused of their false impressions in regard to Canada, that they understood this country better, that they know that instead of dealing with a little offshoot of the British empire, with an obscure colony, they are dealing with a country possessing the resources of an empire, with a country that will become a vast and powerful state. They are realizing this now. They have seized upon the facts. They were ignorant of these matters because they had never been brought to their attention. The progress of the campaign of instruction instituted three years ago has been most satisfactory and instead of supposing Canada to be a narrow strip of frozen country stretching along their frontier they know now that it is a country of enormous resources, that the isothermal line stretches to Slave Lake and that there are 300,000,000 acres of fertile land, 3,000,000 of which now only are under cultivation. They understand the potentiality of its infinite resources, that this country is about to enter upon the race of progress and run that race not only with giant strides, but with great rapidity, and understanding this—perhaps I may be competent to judge to some extent of the changes in American public sentiment—in my opinion, the time is more propitious than it has been since the making of the treaty of 1854 for securing a treaty with the United States. My hon. friend from St. Mary's, Montreal (Hon. Mr. Tarte) thinks, as I read the report of his speech last night, that it is not best to wait for results. The principle of protection he says is too firmly rooted even among the farmers of the United States, to permit us to hope for reciprocity. I would remind him that the reciprocity sentiment has taken firm hold on the great west; that the Republicans of the great Republican state of Iowa, headed

by their Governor Cummings, have taken strong ground in favour of radical tariff revision and reciprocity; that a large share of the Republican votes in other western states share these sentiments, and that the entire Democratic party of the United States vigorously uphold them. Do not lose time, he tells us; do not wait to see what may be the outcome of these negotiations that are approaching. Proceed at once to state your policy; assume that you know all about it, get your tariff fixed and go ahead! He says that the right hon. leader of the government had promised to send no more reciprocity delegations to the United States. I do not understand that the Prime Minister has done that. Canada has maintained a most dignified attitude in this matter. When the commission left Washington in 1890 the assertion was made by the Canadian head of that commission, the premier of this country, that Canada was not going back to Washington asking for reciprocity again. He said: We have been seeking for improved trade relations, we know how desirable it is to have an improvement, we know how much these trade relations could be improved, we have exhausted our patience and our resources in the effort to improve them, and if you reach the point where you understand this question and realize that a treaty is desirable, you can intimate that fact to us. Well, they have done that. My hon. friend from St. Mary's, Montreal, says that Senator Fairbank's letters came very conveniently at this season. What does he mean? Does he mean there is collusion between Senator Fairbanks and the Prime Minister of this country? Does he mean that Senator Fairbanks was employed to write letters to the Prime Minister which give colour to the supposition that the commission might sit again for the purpose of affording the premier and his government a pretext for deferring action on the tariff? Does he mean that? I do not think he does. I do not imagine that he does, but if he does mean that he is entirely mistaken. These advances have come from the American government; they have come from Senator Fairbanks at the instigation of and by the direction of the President of the United States—an intimation and an invitation to the Canadian government to meet the American commissioners again for the purpose of renewing the negotiations that were broken off in February, 1890. Now, shall the commission meet? Is it unnecessary to call this commission together again? Shall we proceed to fix our tariff and ignore the probability, nay, the certainty of this commission meeting when we shall respond to the invitation of the United States. I should say certainly the commission should meet. If the United States have made overtures to us, if they have given us an invitation to renew these negotiations, they have done it for a reason. They have done it because they desire a settlement, they

have done it because they realize that the position of matters, as it exists to-day between Canada and the United States, is not desirable and realizing this they ask us to meet them for the purpose of entering upon negotiations looking to the possibility of settlement and adjustment of these questions. We are not warranted in assuming that it is not worth while to accept. The fact that the invitation is given, that it is given in good faith, the very fact that this advance is made by them with the full knowledge of the indignation that exists in this country in regard to their treatment of us, with the full knowledge that we have reason to complain, is a sufficient warrant, in fact an imperative reason, why we should accept the invitation.

Now, if we go down, what should be the proper basis of an arrangement? We might as well discuss this matter pretty fully. What should be the basis of the arrangement we should enter into, because I am sure that the premier would be glad to know something about public opinion as it relates to this matter. What should be the basis of the arrangement in regard to reciprocity between these two countries. I am accused, I have seen the accusation in Conservative papers time and time and again, I have heard the accusation, that in the course of some speeches I made before chambers of commerce, merchants exchanges and bankers' conventions, &c., in the United States, I have made propositions that were detrimental and inimical to the interests of Canada and that I have given away the case.

Mr. GOURLEY. Hear, hear.

Mr. CHARLTON. The hon. gentleman (Mr. Gourley) says hear, hear. I will tell the hon. gentleman how far I have gone. I have said that reciprocity in natural products, so far as my views go, is an essential feature of any arrangement we may make—no palliatives, no concession upon this thing and upon that but reciprocity in natural products all along the line.

Mr. GOURLEY. It would ruin us in 24 hours.

Mr. CHARLTON. Not at all. If we should get to that point the Americans would ask: What would you give us in return? We will say: We will abstain from changing our tariff so as to apply the process of the strangulation of the import trade in our country. If you give us free trade in natural products we may possibly, in addition to the retention of the moderate features of our tariff, now so favourable to you, abolish the British preference, and make your position under our tariff laws the same as that occupied by Great Britain. My hon. friend can judge as to whether I have given away our case and he can judge as to whether or not we can obtain reciprocity on that basis. It will be advantageous to us. I suppose I may be optimistic on this subject. I have mingled with American public men, with the leading American statesmen, I know the

beat of the American pulse, I think the American people realize that they have pursued a fortuitous and absurd policy towards Canada for thirty-five years, they are prepared to adopt a new course, to bring about improved relations between the United States and Canada, and they are prepared to do what is fair to consummate that arrangement. My hon. friend (Mr. Gourley) says it would ruin us in twelve months.

An hon. MEMBER. In twenty-four hours.

Mr. CHARLTON. Well, that is rather rapid.

Mr. GOURLEY. That is just a simile, you will understand.

Mr. CHARLTON. Yes, of course. We fortunately are not left in this matter without some criterion to go by, without some experience to guide us, without some developments in that same line, the results of which may be of service to us, may teach us pretty unerringly what the probable outcome of such a policy would be. When the American union was formed in 1787, it adopted the policy of free trade between the then thirteen states comprising the union and that has continued to be the policy of that nation from that date to this. From time to time new states were added; from time to time new territory was acquired; finally the bounds of that nation stretched to the Pacific and to the gulf of Mexico and embraced the Mississippi valley; and yet, with all the diversity of climate, of production, of interests that existed in that country, and they are world-wide almost; with all the apparent reasons for protecting one section against another; protecting the farmer of New England where he had to struggle to produce crops, against the farmer of Illinois who had but to tickle the soil with a hoe and it laughed with the harvest; notwithstanding all these diversities of conditions which my hon. friend would say undoubtedly required the intervention of the tariff tinker and the protectionist; notwithstanding all this, that country has lived under free trade for a century and a quarter, has prospered under free trade; this great Zollverein extending from ocean to ocean and from the Gulf of Mexico to the Canadian boundary, has prospered as no nation has ever prospered. And to-day the domestic commerce of that country reaches the enormous sum of forty billion dollars, sinking into utter insignificance the foreign trade of any nation in Christendom. That is the result of free trade, of the free interchange of natural products; of all products between all the sections of that nation with all their diversities of climate and conditions.

Now, I would like to know why the same conditions that apply to the forty-five states of the American union cannot be extended to the seven provinces of the Dominion with the same result. Of course we cannot carry it so far; we cannot have absolute free trade—at present at least. We must have a tariff on certain things for revenue,

but we can have absolute free trade in the productions of the soil, and to the extent that we reach out towards free trade, to that extent we will share the blessings that that country has derived from the practical operation of this principle.

Mr. CLANCY. That sounds like unrestricted reciprocity.

Mr. CHARLTON. Yes, it does, and unrestricted reciprocity would bring very good material results probably. We are not ready for it but we will go as far as it is prudent and take half of the loaf, and enjoy the prosperity and the blessings that will come from it.

And now with regard to the mutual interchange of natural products which my hon. friend says would ruin us in twenty-four hours, but which of course is a simile. The interchange of natural products in my opinion would produce only the most inconsiderable effect upon the prices in the United States. We want free admission to the American market for our farm products and our lumber and our ores, and for what reason? It is not that we may depress the American prices to the level of our own, but that we may secure the American prices and put the difference between the prices we get now with the duty taken from us and the price we would get then, into our own pockets. That is what we want it for. Our exportation of natural products to the United States is so insignificant and will be so insignificant in comparison with the great bulk of the products for consumption produced in this country, that very little effect can be produced by it. Take for instance the article of eggs. Last year we exported 11,500,000 dozen of eggs and 237,000 dozen of these went to the United States. One hundred and thirty-nine millions and eighty thousand eggs; quite a lot of eggs. We could not increase that export 50 per cent if we were to try. How much would that amount to in the United States. Why, Mr. Speaker, it would amount to less than two eggs per annum for each inhabitant of the United States; one omelette a year. That would have a very disastrous effect on American prices would it not. Why it never would be known; never. I have no time to go into the entire list, but you may go right through the list of farm products that may be exported to the United States for consumption in that country and their relative volume as compared with the production of the United States in the same line of articles would not be greater than in the case of eggs. The whole thing is a bug-bear. The American farmer is frightened about Canadian competition which he has no reason to fear at all. The Canadian farmer, he need not be frightened about American competition because he is a producer and an exporter.

Now with regard to the question we were discussing a moment ago; about the concessions we might make to the United States in return for free trade in natural products.

As I said then I repeat now : That I should strenuously take the ground that we should make no more concessions; that we have made all the concessions that can be reasonably asked for. The only thing I would hold out as an inducement would be, not the promise of further concessions, but the assurance that we will withdraw what we have done if we do not get fair play; that in place of a free list of \$60,000,000 we will make it \$30,000,000; that in place of buying \$60,000,000 of manufactures, we would manufacture \$40,000,000 or \$50,000,000 of them in our own country, and this would be the inducement that the American would need to convince him that he had better adopt the scheme that we propounded.

Mr. GOURLEY. Would the hon. gentleman allow me to ask a question?

Mr. CHARLTON. Certainly.

Mr. GOURLEY. Why is it necessary for us in this Canadian parliament to be for ever disgracing ourselves by appealing to these people across the way, who have treated us like a lot of desperadoes for the last twenty years?

Mr. CHARLTON. We are not appealing to these people; these people have appealed to us. They have sent us an invitation to meet them; we are talking that over; we are arriving at a decision as to what we shall say when we meet them; how far we shall go and where we will stop.

Mr. GOURLEY. They would kick us from the continent to-day if they could.

Mr. CHARLTON. We have reached that point where they are appealing to us; where they have realized that they are sacrificing their opportunities and have pursued a policy which has not been a just policy, and that the day has come when our own action will deprive them of the advantages they might enjoy unless they give in fair neighbourly treatment.

Now, Mr. Speaker, we talk about protection. I am opposed to the sacrificing of any existing interests in Canada. I want to see our manufacturing interests prosperous, and I will go just as far as my hon. friend from Nova Scotia if I cannot get fair play.

Mr. GOURLEY. No you won't.

Mr. CHARLTON. But, I have a broad enough view of this case to realize, that in the United States since 1861 that nation has been constantly and consistently pursuing a policy for building up a home market, and that the result of that policy is that they have created a home market which bears a proportion to their population greater than we could create by the most stringent system of protection in fifty years. Now, Sir, if we could with one stroke of the pens of the commissioners appointed by this country and by the United States, if we could secure access to that market which for fifty years has cost the people of the United States untold millions, would it not be to

our advantage to get it. I think it would. I think it would be just as good a scheme as to go through, with all the pain, and sweat, and toll, and blood letting that that nation has gone through since 1861 in creating that market.

And now, Mr. Speaker, a few words about the transportation question and the market situation. We have some very productive wheat fields in the North-west, and a crop of sixty million bushels was garnered last year from less than one hundredth part of the area of that country adapted to the growth of that grain.

Now, we are confronted with the problem, how we are to afford that country an outlet to the markets of the world, and whether we shall throw any impediments in the way of the producers of that country reaching any market they may desire. The western farmer will raise wheat for sale, and, like a shrewd business man, he will want to sell that wheat wherever he can find a customer. He will be able shortly to raise all the wheat that he can find customers for; so that it would be the height of folly to interfere with his efforts to reach any market he desires to reach. We want to secure the carrying trade of that country, but it is incumbent upon us to endeavour to do so by fair competition. We do not want to resort to export duties or other unjustifiable repressive measures, in order to force the volume of the productions of the North-west through particular channels. There are going to be hundreds of thousands of settlers from the United States in that country, and they will naturally resent the idea that they cannot sell wheat wherever they can find a sale for it. They will not have the prejudice which my hon. friend (Mr. Gourley) entertains against dealing with Americans. They will know that the friends they left across the line are of the same blood as the people of the country they inhabit, and they will want to trade with them, because it will be to their advantage to do so.

Now, Sir, there are several reasons why we had better let them do so. In fact, we cannot prevent it, unless we impose arbitrary restrictions of some kind, such as export duties. The Americans have the game in their own hand. They can remove the duty on grain, and in my opinion they will shortly do it. The western miller desires access to our sources of supply. I am told that the millers at Minneapolis can handle forty million bushels of Manitoba and western wheat.

Mr. SPROULE. Are you aware that the mills at Minneapolis have stopped grinding?

Mr. CHARLTON. I am aware of that, but the little difficulty about freight rates will be adjusted before long, and if not, they can send the wheat down to Buffalo. This wheat will be wanted by the millers at Minneapolis, or wherever they may be, first, to mix it with the softer grades grown in the United States, because it will be ne-

cessary to have a certain percentage of Manitoba hard wheat for that purpose. Then, the American milling interest want access to that market for the purpose of stiffening prices—for the purpose of introducing there the system that is in force in the United States. American millers tell me that wheat from Canada and Argentina, when it goes to market must be sold, as there are no facilities for holding it. They are constantly met by competition of this kind, which lowers prices; and they want to get into this market with their hundreds of millions of capital for the purpose of competing with the Canadian buyer, for the purpose of buying the grain at higher prices than it would otherwise command, in order that they may hold that grain or the flour into which it is ground until they are ready to sell it; in that way controlling the market, and preventing repressive bear operations, which tend to bring about lower prices. In both of these cases it is the interest of the North-west and in the interest of Canada that they should get into that market. For these reasons, free trade in wheat and the introduction of American competition in the purchase of wheat in the North-west, would be worth more to the producers in that country than the removal of the British preference of four per cent in their favour.

The present value of the American market, aside from wheat, is relative small; but its prospective value is almost limitless. Changing conditions in the United States are worthy of consideration. First of all, there is the gradual failure of their wheat lands. I can remember the time when the chief crop of Illinois was wheat, when enormous shipments were made, when the elevators of Chicago were bursting with the products of the Illinois wheat fields. To-day there is not enough wheat raised in Illinois to provide bread for one-half the inhabitants of the state. The farmers have gone out of the business; their wheat fields have become exhausted; their crops are of another kind. The same holds good with regard to Iowa, with its two and a half millions of inhabitants. The same will soon hold true of Minnesota, of the two Dakotas, of Kansas. The wheat production of these states is diminishing, the soil is becoming exhausted; and while the wheat production of the United States is growing less and less, the population of the country is rapidly increasing, and the urban population out of all proportion to the rural population. Take, for instance, the North Atlantic division, as it is called—comprising the states of New England, New York, New Jersey and Pennsylvania, with a total population, according to the last census, of twenty-one millions. Of this population 13,600,000 are in towns of 4,000 inhabitants and over. In the state of New York, out of a population of 7,268,000, 5,100,000 live in towns of 4,000 inhabitants or over. Here, Mr. Speaker, are these vast centres of population, five millions and more

in the single state of New York, thirteen and one-half millions in the North Atlantic division, living in towns of 4,000 and upwards, and the population rapidly increasing, and the provinces of Ontario and Quebec nearer to those centres of population than any other producing region on the continent. To reach these centres the farmers of Illinois, Michigan, Wisconsin, and Iowa, have either to cross our territory or to go past it on the south side of the lake; and our North-western farmers will have just as good facilities for reaching those centres as the American farmers of the far west. This is a question the importance of which we only begin to realize when we come to study it carefully, in the light of all the facts; not taking the superficial view that some take, or the prejudiced view of those who think it is beneath the dignity of a Canadian to deal with an American at all; but looking at the facts from a common sense standpoint, with a realization of the great possibilities that lie before us in the near future. The United States will soon become a food exporting nation, its vast manufacturing interests are being developed with wonderful rapidity, its urban population is increasing out of all proportion to its rural population, and the time is near at hand when that country will require from Canada or other countries, a portion of its food supply. These two countries are geographically one. Our North-west is geographically a portion of the Mississippi valley.

Mr. GOURLEY. I deny that.

Mr. CHARLTON. The province of Quebec is geographically as nearly allied to the New England states as to the mouth of the St. Lawrence.

Mr. GOURLEY. The United States is geographically an annex of Canada.

Mr. CHARLTON. The province of Ontario has its nearest route to the sea across American territory.

Mr. GOURLEY. No man who studies the map would make such a statement. Study the map of North America, and you will find that the United States is geographically an annex of Canada.

Mr. CHARLTON. Then the annex has got a little ahead of the main body. The two countries, I repeat, are geographically one.

Mr. GOURLEY. Never.

Mr. CHARLTON. The very boundaries between the two countries for a part of the distance which separate them, by the impediment of physical nature, serve to bind them together as a great highway of commerce from the point where the St. Lawrence reaches the American territory, to Duluth. Our North-west is geographically a part of the Mississippi valley, a part of the same country that sweeps up from the Mississippi to the Arctic ocean, a great con-

tinental slope to the north without interruption of mountain range, and which can be reached most conveniently and economically by railway communication from the head of Lake Superior at Duluth and from St. Paul and Chicago. This being the case there are these great natural resources which invite communication, which invite trade, and which invite the breaking down of the barriers that exist between the two countries, and the absurd prejudices, such as are entertained by my hon. friend who interrupted me a few minutes ago. There is in progress at present a great movement for interesting American capital in industrial and financial operations in the Dominion. I have friends in the west. I hear from them frequently, and I learn that the movement which is set on foot for removal to the Canadian North-west promises to become an exodus. I hear that the banks of Illinois, Iowa, Kansas, Nebraska, Minnesota and the Dakotas are being depleted of their deposits by men who are investing this money in the Canadian North-west. Those who can sell their Illinois farms for \$100 an acre, their Iowa farms for \$70 an acre, and their Kansas and Nebraska farms for \$40 or \$50 an acre, and invest this money in the Canadian North-west in land equally as good or better at \$5 or \$10 an acre, are appreciating the advantages of that exchange. They are selling their lands and flocking to our North-west by the thousands. They are a class of settlers who understand the conditions and are familiar with the work they have to perform. They have gone through the experience once and can go through it again. And a farmer with a half a dozen sons, can sell his farm in the United States, and with the proceeds give each of his sons just as large a farm in Canada as the one he left. I tell you, Sir, we are having a movement in the investment of American capital in our country of which we do not realize the magnitude. And we want to place ourselves in a position to promote and avail ourselves of the results of this movement, and nothing will promote it more rapidly than the adoption of reciprocity between the two countries. Our vast resources are attracting attention. The period of narrowness and exclusiveness and bitterness and ignorance, which characterized certain portions of the public in both of these countries is passing away, and in place of it is coming a broader spirit, a Catholic spirit, a spirit of toleration, a spirit of mutual conciliation which will bear excellent results in the interests of both countries. New conditions, vast possibilities confront us. We hardly stop to realize their magnitude. When this North-west, where hundreds of thousands are to settle in the near future, with its three hundred millions acres of arable land, of which three millions are now under cultivation, this North-west that can increase its production a hundred-

fold—when the resources of this country are developed, when its fields wave with harvests, when its surface is covered by farms and towns and cities, then we will see the fruition of the promise we have today, and those who have the prescience to look into the future with a comprehension of what is coming, will see their dreams realized, and a great nation established on the northern portion of this continent. We will then look back to the past—if we live to see that day—and wonder at the narrowness and littleness and bitterness displayed by people in the old days before the broad horizon had opened before them. Nevertheless, so long as the present American tariff conditions continue, this rosy picture will not be realized as soon as it otherwise would. If we cannot get a treaty such as I think we can, we have simply to do what I said would be the alternative. We have simply to mould into shape our own resources, work out our own destiny, and build up as we best may the superstructure of our own nation. And whatever may be the outcome, whether we get that mitigation of trade conditions which we hope for, or whether we find that these trade conditions are to be perpetuated, I do not apprehend that we will find Liberals in this House seriously disagreeing. There is a good deal of latitude of opinion allowed here, and the government, while it permits this, will in my opinion, be confronted by a condition of things that will result in popular demand of such volume and potency in connection with this question of trade relations as will lead the government to bow to the wishes of the people. We will mould our course by the developments that are confronting us, that are near at hand, and I repeat, I approve most highly the course of the government in waiting the development of events, in waiting the few months that will enable us to judge definitely and absolutely what is the proper course to be taken. Canada desires to participate in the commercial activities of this continent. If we can obtain this privilege we shall have to shape a destiny of our own. The parting of the ways is just ahead. Providence will decide the matter. We cannot tell what the decision will be, or upon which of the paths we shall enter, whether upon the path of participation of the benefits of free and liberal trade relations covering Anglo-Saxon America, or the path of exclusion, imitation of the policy of the other country, and retaliation upon them for what they have perpetuated and imposed upon us. Let us await the future calmly, resolutely, if you will, without fear or care as to what the result shall be, determined that we will be governed by those conditions and developments, and will view from a patriotic standpoint whatever, in our belief, the necessity of our country requires from us in the line of action.

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